

MOLEMOLE LOCAL MUNICIPALITY



**ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2009**

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APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 35, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

T S RASELAYA
ACTING MUNICIPAL MANAGER

DATE

MOLEMOLE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

		2009	2008
	Note	R	R
NET ASSETS & LIABILITIES			
Net Assets		51 598 169	46 451 212
Government grant reserve	2	32 666 680	29 108 237
Donations and public contribution reserves	2	1 291 176	1 291 176
Accumulated surplus/(deficit)		17 640 313	16 051 799
Non-current liabilities			
Long Term Liabilities	3	112 000	112 000
Current liabilities		16 927 168	10 596 459
Consumer deposits	4	418 583	408 036
Bank overdraft	13	4 630 653	-
Trade and other payables	5	10 296 996	6 054 009
Unspent conditional grants and receipts	6	1 580 936	4 134 415
Current portion of long term liabilities	3	-	-
Total Net Assets and Liabilities		68 637 337	57 159 671
ASSETS			
Non-current assets		46 609 847	46 453 346
Property, plant & equipment	7	46 585 274	46 448 098
Investments	8	311	311
Non-current receivables	9	24 262	4 937
Current assets		22 027 491	11 081 570
Inventory	10	29 248	21 748
Short-term investments	8	14 678	1 025 517
Consumer debtors	11	10 715 560	3 807 679
Other receivables	12	6 081 135	1 547 657
Current portion of long-term receivables	9	-	122 411
MIG projects - overspent	6	5 186 870	-
Cash and cash equivalents	13	-	4 556 558
Total Assets		68 637 337	57 534 916

MOLEMOLE MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	2009 R	2008 R
REVENUE			
Property rates	14	1 463 306	1 443 679
Service charges	15	3 901 283	3 850 306
Rental of facilities and equipment		181 185	106 217
Investment Revenue – external investments	18	52 422	69 951
Interest earned – outstanding debtors		654 516	448 043
Fines, licenses and permits		3 377 190	3 047 922
Government grants and subsidies received - operating	16	36 466 358	26 860 621
Government grants and subsidies received - capital	16	9 321 721	5 814 022
Public contributions, donated and contributed property, plant and equipment	17	-	-
Other revenue	19	5 167 594	896 428
Total Revenue		<u>60 585 574</u>	<u>42 537 189</u>
EXPENDITURE			
Employee related costs	20	19 329 208	13 516 534
Remuneration of councillors	21	3 523 183	4 076 049
Bad debts		-	-
Depreciation		4 407 560	3 446 818
Repairs and maintenance		4 462 854	1 296 161
Finance cost	22	-	523
Bulk purchases	23	2 248 432	2 282 531
General expenses	24	20 567 559	12 068 277
Total Expenditure		<u>54 538 796</u>	<u>36 686 893</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>6 046 778</u>	<u>5 850 296</u>

MOLEMOLE MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre Gamap Reserves & Funds	Government Grant Reserve	Donation & Public Contribution Reserve	Accumulated Surplus/ (Deficit)	Total
2008	R	R	R	R	R
Balance at 1 July 2008	-	-	-	-	-
	-	-	-	-	-
Correction of error				539 406	539 406
Restated balance	-	24 818 632	1 241 435	14 916 094	40 976 161
Net surplus for the year				4 575 230	4 575 230
Appropriations					-
Property, plant and equipment purchased					-
Capital grants used to purchase PPE		2 994 379	186 250	(3 180 629)	-
Donated/contributed PPE					-
Asset disposals					-
Offsetting of depreciation		(1 524 417)	(136 509)	1 660 926	-
Balance at 30 June 2008	-	26 288 594	1 291 176	17 971 621	45 551 391
2009					
Correction of error				-	-
Restated balance	-	26 288 594	1 291 176	17 971 621	45 551 391
Net surplus for the year				6 046 778	6 046 778
Appropriations					-
Property, plant and equipment purchased					-
Capital grants used to purchase PPE		6 378 086		(6 378 086)	-
Donated/contributed PPE			-	-	-
Asset disposals					-
Offsetting of depreciation		-	-	-	-
Balance at 30 June 2009	-	32 666 680	1 291 176	17 640 313	51 598 169

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

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GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GAMAP 4: Effects of changes in foreign exchange rates.

GAMAP 6: Consolidated financial statements and accounting for controlled entities.

GAMAP 9: Revenue.

GAMAP 7: Accounting for investments in associates.

GAMAP 8: Financial reporting of interests in joint ventures.

GAMAP 12: Inventories.

GAMAP 17: Property, plant and equipment.

GAMAP 19: Provisions, contingent liabilities and contingent assets.

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards related to the municipality's separate financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 25.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.4 RESERVES

a) Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

b) Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Any trade discounts and rebates are deducted in arriving at the purchase price.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.5 PROPERTY, PLANT & EQUIPMENT

Directly attributable costs include the following:

Cost of site preparation.
Initial delivery and handling costs.
Installation cost.
Professional fees.
Estimated cost of dismantling the asset.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use, and are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<u>Infrastructure Assets</u>	<u>Years</u>
Roads, pavements, bridges and storm water	30
Water reservoirs and reticulation	20-30
Electricity reticulation	30
Sewerage purification and reticulation	20
Street lighting	25
 <u>Community Assets</u>	
Parks and gardens	30
Sport fields	20
Community halls	30
Libraries	30
Recreation facilities	20
Cemeteries	30

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.5 PROPERTY, PLANT & EQUIPMENT (CONT)

Other Assets

Motor vehicles	5
Plant and equipment	5
Furniture & fittings	7
IT equipment	3
Office equipment	3-7
Specialised vehicles	10

Land is not depreciated as it is regarded as having an infinite life.

The useful life or depreciation method for items of property, plant and equipment that have been recognised was not reviewed as permitted in terms of Gazette 30013 of 29 June 2007.

Impairment

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Gazette 30013 of 29 June 2007

Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.6 FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables. Financial instruments are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets.

Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.6 FINANCIAL INSTRUMENTS

Accounts receivable

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable.

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating institution for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

Leases

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows as per the lease contract as permitted in terms of Gazette 30013 of 29 June 2007.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.7 INVENTORY

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

The process to identify immovable capital assets as inventory/stock are not finalised yet and were accounted for in terms of GAMAP 17 as permitted in terms of Gazette 30013 of 29 June 2007.

1.8 TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade creditors are recognised initially at cost price as permitted in terms of Gazette 30013 of 29 June

1.9 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.9 REVENUE RECOGNITION (CONT)

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

The Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to Service charges

Flat rate service charges and consumption-based service charges shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Fines

Revenue from the issuing of fines is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.9 REVENUE RECOGNITION (CONT)

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Levies

Levies shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest

Revenue arising from the use of assets by others of the municipal assets yielding interest royalties and dividends shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.9 REVENUE RECOGNITION (CONT)

Collection charges are recognised when such amounts are incurred.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

Revenue are initially recognised at cost as permitted in terms of Gazette 30013 of 29 June 2007.

1.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

1.11 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.17 RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.19 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.20 CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.21 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.22 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the invoice basis.

MOLEMOL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		59 878 636	44 843 041
Cash paid to suppliers and employees		(54 538 796)	(33 322 527)
Cash generated from operations	26	5 339 840	11 520 514
Interest received		706 938	69 951
Interest paid		-	(523)
NET CASH FROM OPERATING ACTIVITIES		6 046 778	11 589 942
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 540 636)	(6 278 161)
Decrease in loans and receivables		103 086	106 949
(Increase)/decrease in investments		1 010 839	(70 666)
NET CASH FROM INVESTING ACTIVITIES		(3 426 711)	(6 241 878)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-	(6 076)
NET CASH FROM FINANCING ACTIVITIES		-	(6 076)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2 620 067	5 341 988
Cash and cash equivalents at the beginning of the year		4 556 558	(785 430)
Cash and cash equivalents at the end of the year		7 176 625	4 556 558

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
2. RESERVES		
Government Grants Reserve	32 666 680	26 288 594
Donations and Public Contribution Reserve	1 291 176	1 291 176
	<u>33 957 856</u>	<u>27 579 770</u>
3. LONG TERM LIABILITIES		
Annuity loans	112 000	112 000
Less: Current portion transferred to current	-	-
	<u>112 000</u>	<u>112 000</u>
Refer to Appendix A for more detail on long term liabilities.		
4. CONSUMER DEPOSITS		
Electricity and Water	<u>418 583</u>	<u>408 036</u>
No interest is paid on deposits.		
5. TRADE AND OTHER PAYABLES		
Trade Creditors	3 849 420	3 470 412
Sundry deposits	-	2 750
Capricorn District Mun.-Bridging finance	-	-
Other creditors	3 444 964	1 195 430
RDP housing development	-	-
Staff leave	1 063 190	1 254 146
Retention money	1 939 422	131 269
	<u>10 296 996</u>	<u>6 054 009</u>
Creditors are recognised at cost and no interest was recognised as a result of any time value of money adjustments as permitted per gazette 30013 of 29 June 2007.		
6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Finance management grant	139 130	648 796
Municipal systems improvement grant	504 076	879 320
Municipal infrastructure grant	(5 186 870)	2 943 635
LED Grant	643 113	643 113
RDP Housing grant	294 617	294 617
	<u>(3 605 934)</u>	<u>5 409 481</u>
See note 16 for reconciliation of grants. These amounts are invested until utilised.		

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

7. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings R	Infrastructure R	Community Assets R	Other Assets R	Total R
Carrying values at 1 July 2008	8 987 346	26 420 240	2 255 430	8 785 182	46 448 198
Cost	9 577 807	34 326 623	2 790 387	13 328 699	60 023 516
Accumulated depreciation – cost	(590 461)	(7 906 383)	(534 957)	(4 543 517)	(13 575 318)
Acquisitions	-	1 464 852	-	3 075 784	4 540 636
Fair Value	-	-	-	4 000	4 000
Capital under construction	-	13 667 103	1 691 331	-	15 358 434
Depreciation – based on cost	(272 954)	(1 587 323)	(80 754)	(2 466 529)	(4 407 560)
Carrying value of disposals	-	-	-	-	-
Cost					-
Accumulated depreciation					-
Carrying values at 30 June 2009	8 714 392	26 297 769	2 174 676	9 398 437	46 585 274
Cost	9 577 807	35 791 475	2 790 387	16 408 483	64 568 152
Accumulated depreciation – cost	(863 415)	(9 493 706)	(615 711)	(7 010 046)	(17 982 878)

Carrying values at 1 July 2007	5 113 202	27 120 599	1 581 514	9 348 446	43 163 761
Cost	5 521 866	33 508 367	2 019 929	12 242 099	53 292 261
Accumulated depreciation – cost	(408 664)	(6 387 768)	(438 415)	(2 893 653)	(10 128 500)
Acquisitions	1 945 348	818 256	46 408	648 607	3 458 619
Fair value	15 000	-	-	437 994	452 994
Capital under construction	2 095 593	-	724 050	-	2 819 643
Depreciation – based on cost	(181 797)	(1 518 615)	(96 542)	(1 649 864)	(3 446 818)
Carrying value of disposals	-	-	-	-	-
Cost					-
Accumulated depreciation					-
Other movements					-
Carrying values at 30 June 2008	8 987 346	26 420 240	2 255 430	8 785 182	46 448 198
Cost	9 577 807	34 326 623	2 790 387	13 328 699	60 023 516
Accumulated depreciation – cost	(590 461)	(7 906 383)	(534 957)	(4 543 517)	(13 575 318)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.
itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed.

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R	
8. INVESTMENTS			
Short Term Fixed Deposits			
Nedbank	14 678	1 025 517	
Long Term Fixed Deposits			
NTK Shares	311	311	
	<u>14 989</u>	<u>1 025 827</u>	
Council's valuation of investments	<u>14 989</u>	<u>1 025 827</u>	
No investments have been written off during the			
9. NON CURRENT RECEIVABLES			
Motor car loans	24 262	127 348	
Less: current portion transferred to current receivables	-	(122 411)	
	<u>24 262</u>	<u>4 937</u>	
Senior staff were previously entitled to car loans which attracted different interests and which are repayable over a maximum period of 5 years. These loans are repayable in the year 2009.			
10. INVENTORY			
Consumable stock	<u>29 248</u>	<u>21 748</u>	
Inventory is recorded at the lower of cost and net realisable value.			
11. CONSUMER DEBTORS			
	Gross Balance	Provision for Bad Debt	Net Balance
30 June 2009	9 347 512	(4 043 778)	5 303 734
Service debtors:			
Property rates	2 991 910	(1 564 880)	2 991 910
Electricity	987 954	(569 332)	987 954
Water	2 661 809	(1 310 794)	2 661 809
Sewerage	1 512 938	(8 029)	1 512 938
Refuse	1 192 901	(590 743)	1 192 901
Other	5 411 826	(2 494 255)	5 411 826
	<u>14 759 338</u>	<u>(6 538 033)</u>	<u>10 715 560</u>
30 June 2008	6 338 975	(4 043 778)	(4 101 374)
Service debtors:			
Property rates	2 428 995	(1 564 880)	(1 539 964)
Electricity	898 010	(569 332)	(569 332)
Water	2 067 523	(1 310 794)	(1 310 794)
Sewerage	12 664	(8 029)	(8 029)
Refuse	931 782	(590 743)	(590 743)
Estates			
Other	3 107 128	(2 494 255)	(2 494 225)
	<u>9 446 103</u>	<u>(6 538 033)</u>	<u>(6 595 599)</u>

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
11. CONSUMER DEBTORS (CONT)		
AGEING OF CONSUMER DEBTORS		
Property Rates		
Current (0-30 days)	109 798	117 824
31-60 days	79 618	83 053
61-90 days	70 785	71 922
91-120 days	2 731 708	2 156 196
Sub-total	<u>2 991 910</u>	<u>2 428 995</u>
Electricity		
Current (0-30 days)	143 222	113 503
31-60 days	43 284	53 391
61-90 days	39 054	37 805
91-120 days	762 395	693 311
Sub-total	<u>987 954</u>	<u>898 010</u>
Water		
Current (0-30 days)	78 864	69 696
31-60 days	66 695	62 825
61-90 days	60 729	58 399
91-120 days	2 455 521	1 876 603
Sub-total	<u>2 661 809</u>	<u>2 067 523</u>
Sewerage		
Current (0-30 days)	42 179	
31-60 days	34 329	
61-90 days	32 624	
91-120 days	1 403 805	12 664
Sub-total	<u>1 512 938</u>	<u>12 664</u>
Refuse		
Current (0-30 days)	30 738	34 008
31-60 days	26 654	28 129
61-90 days	25 660	25 824
91-120 days	1 109 849	843 822
Sub-total	<u>1 192 901</u>	<u>931 782</u>
Other		
Current (0-30 days)	130 517	129 304
31-60 days	99 289	107 857
61-90 days	87 728	58 194
91-120 days	5 094 292	3 720 073
Sub-total	<u>5 411 826</u>	<u>4 015 428</u>
Total consumer debtors	<u>14 759 338</u>	<u>10 354 403</u>
Made up as follows:		
Current (0-30 days)	535 318	464 335
31-60 days	349 870	335 255
61-90 days	316 580	252 144
91-120 days	13 557 569	9 302 669
	<u>14 759 338</u>	<u>10 354 403</u>

Debtors are recognised at cost as permitted in terms of gazette 30013 of 29 June 2007

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
12. OTHER RECEIVABLES		
Other debtors	431 007	742 587
VAT	5 650 127	805 069
	<u>6 081 135</u>	<u>1 547 657</u>
Other debtors are recognised at cost as permitted in terms of gazette 30013 of 29 June 2007.		
13. CASH AND CASH EQUIVALENTS		
The municipality has the following bank accounts		
Nedbank: Dendron		
Account number: 1467000442		
Current account (primary bank account)		
Bank statement balance at beginning of year	<u>7 612 089</u>	<u>1 697 121</u>
Bank statement balance at end of year	<u>7 612 089</u>	<u>7 612 089</u>
Cash book balance at beginning of year	<u>(9 184 521)</u>	<u>(788 120)</u>
Cash book balance at end of year	<u>(4 630 653)</u>	<u>4 553 868</u>
Petty cash		
Balance at end of year	-	2 690
Total cash resources	<u>(4 630 653)</u>	<u>4 556 558</u>
14. PROPERTY RATES		
All properties	1 463 306	1 443 679
	<u>1 463 306</u>	<u>1 443 679</u>
VALUATIONS		
Residential		
Government		
Commercial		
Municipal		
Valuations on land are performed every four years and the last general valuation come into effect on 1 July 1999. The basic rate for 2007/8 was 11.5c in the Rand on land. A rebate of 30% was granted to land zoned as residential 1. A rebate of 20% was granted to pensioners and medical unfit owners.		
15. SERVICE CHARGES		
Sale of electricity	2 213 135	2 191 151
Sale of water	670 358	613 524
Refuse removal	433 128	440 072
Sewerage and sanitation charges	584 662	605 559
Other service charges - Basic	-	-
	<u>3 901 283</u>	<u>3 850 306</u>

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
16. GOVERNMENT SUBSIDIES & GRANTS		
<i>Operating Grants</i>	36 466 358	26 860 621
Equitable share	34 346 448	26 635 721
Finance management grant (FMG)	1 009 666	13 333
Municipal systems improvement grant (MSIG)	1 110 244	4 680
LED Grant	0	206 887
<i>Capital Grants</i>		
Municipal infrastructural grant (MIG) (see note 6)	14 508 591	4 538 986
Total Government Grants & Subsidies	<u>50 974 949</u>	<u>31 399 607</u>
<i>Equitable Share</i>		
This grant is an unconditionally grant and is partially utilized for the provision of indigent support through free basic services.		
<i>Finance Management Grant</i>		
Balance unspent at beginning of year	648 796	162 129
Current year receipts	500 000	500 000
Conditions met – transferred to revenue	(1 009 666)	(13 333)
Unspent amount transferred to liabilities (see note 6)	<u>139 130</u>	<u>648 796</u>
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
<i>Municipal Systems Improvement Grant</i>		
Balance unspent at beginning of year	879 320	150 000
Current year receipts	735 000	734 000
Conditions met – transferred to revenue	(1 110 244)	(4 680)
Unspent amount transferred to liabilities (see note 6)	<u>504 076</u>	<u>879 320</u>
This grant was used to build in-house capacity to perform their functions and stabilize institutional and governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
<i>Municipal Infrastructure Grant (MIG)</i>		
Balance unspent at beginning of year	2 943 635	-
Current year receipts	6 378 086	7 482 591
Conditions met – transferred to revenue	(14 508 591)	(4 538 956)
Unspent amount transferred to liabilities/ (current Assets) (see note 6)	<u>(5 186 870)</u>	<u>2 943 635</u>
This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
<i>LED Grant</i>		
Balance unspent at beginning of year	643 113	-
Current year receipts	-	850 000
Conditions met – transferred to revenue	-	(206 887)
Unspent amount transferred to liabilities (see note 6)	<u>643 113</u>	<u>643 113</u>
The grant was utilised for LED projects.		

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
17. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT		
Capricorn District Municipality	-	-
Other grants	-	-
Total donated property, plant & equipment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
18. INVESTMENT REVENUE EXTERNAL INVESTMENTS		
Current account	-	888
External investments	(52 422)	69 063
	<u>(52 422)</u>	<u>69 951</u>
	<u>(52 422)</u>	<u>69 951</u>
19. OTHER REVENUE		
Building plan fees	434 496	8 333
Interest car loans	2 536	6 366
Grave Fees	21 684	16 302
New Connections	93 210	46 701
Reconnections	14 092	14 142
Sale of stands	339 883	116 940
Sundry revenue	291 608	687 645
	<u>1 197 509</u>	<u>896 428</u>
	<u>1 197 509</u>	<u>896 428</u>
20. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	14 220 214.31	9 116 934
Employee related costs - Social contributions	2 725 777	2 066 497
Travel allowances	1 319 162	2 285 615
Overtime	1 064 055	47 488
	<u>19 329 208</u>	<u>13 516 534</u>
	<u>19 329 208</u>	<u>13 516 534</u>
Remuneration of Managers		
Municipal Manager		
Annual remuneration	578 750	588 750
Allowances	120 000	120 000
Council Contributions		
	<u>698 750</u>	<u>708 750</u>
	<u>698 750</u>	<u>708 750</u>
Community Manager		
Annual remuneration	400 240	292 799
Allowances	166 411	99 000
Council Contributions	#REF!	88 376
	<u>#REF!</u>	<u>480 175</u>
	<u>#REF!</u>	<u>480 175</u>
LED Manager		
Annual remuneration	400 240	295 451
Allowances	99 000	99 000
Council Contributions	#REF!	92 307
	<u>#REF!</u>	<u>486 758</u>
	<u>#REF!</u>	<u>486 758</u>

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
20. EMPLOYEE RELATED COSTS		
Technical Manager		
Annual remuneration	194 681	323 636
Allowances	49 500	99 000
Council Contributions	#REF!	67 711
	<u>#REF!</u>	<u>490 347</u>
The Manager resigned in December 2008		
Corporate Manager		
Annual remuneration	400 644	333 870
Allowances	146 135	50 000
Council Contributions	-	-
	<u>546 778</u>	<u>383 870</u>
Finacial Services Manager - Chief Financial Officer		
Annual remuneration	70 667	-
Allowances	36 000	-
Council Contributions	-	-
	<u>106 667</u>	<u>-</u>
The CFO was appointed in May 2009		
During the year no performance bonuses were paid out in terms of Section 57 of the Municipal		
21. REMUNERATION OF COUNCILLORS		
Mayor	385 710	460 775
Speaker	313 680	368 619
Chief Whip	294 192	345 580
Executive Committee	638 442	570 206
Councillors	1 891 158	2 330 869
	<u>3 523 183</u>	<u>4 076 049</u>
The Executive Mayor, Speaker and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.		
The Executive Mayor has use of a Council owned vehicle and driver for official duties.		
22. FINANCE COST		
Annuity loan	-	523
23. BULK PURCHASES		
Electricity	<u>2 248 432</u>	<u>2 282 531</u>
24. GENERAL EXPENSES		
Advertising Printing And Stationery	1 115 357	505 690
Audit Fees	637 000	541 205
Books Publications And Amendments	17 182	14 893
Cell Phones	726 389	299 500
Depreciation	4 407 560	
Entertainment Expenses	27 593	-
Events	144 490	322 245
Consultany Fee	-	942 587
Fuel Vehicles	1 566 067	601 297
Diesel	-	480 000
Security Fee	1 120 179	475 644
Insurance	455 582	388 015
Postage And Telephone	632 083	640 872
Rental Office Machines	488 892	362 639

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009	2008
	R	R
Town Planning	33 600	-
Training And Conferences	538 056	333 059
Traveling And Subsistence	566 402	880 753
LED Expenditure	132 596	814 473
IDP Expenditure	218 138	204 604
Other expenditure	7 740 394	4 260 802
	<u>20 567 559</u>	<u>12 068 277</u>

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
25. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-		
25.1 Statutory Funds		
Balance previously reported:-		
Capital Development Fund		
Land Trust Fund		
Implementation of GAMAP		
Total (credited to Accumulated Surplus) (see 25.5 below)		
25.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported:-		
Implementation of GAMAP		
Transferred to Government Grant Reserve		
Transferred to Donations and Public Contribution Reserve		
Total (debited to Accumulated Surplus) (see 25.5 below)		
25.3 Property, plant and equipment		
Balance previously reported:-		
Implementation of GAMAP		
Previously reported amounts written off that no longer meet the criteria of an asset		
Total (debited to Accumulated Surplus) (see 25.5 below)		
25.4 Accumulated Depreciation		
Balance previously reported:-		-
Implementation of GAMAP		-
Backlog depreciation: Buildings		-
Backlog depreciation: Community		-
Backlog depreciation: Infrastructure		-
Backlog depreciation: Other		-
Total (debited to Accumulated Surplus) (see 25.5 below)		-
25.5 Accumulated surplus		
Implementation of GAMAP		
Transferred from Reserves (see 25.1 above)		-
Transferred from Loans redeemed and Other Capital Receipts (see 25.2 above)		-
Assets not meeting the criteria (see 25.3 above)		-
Backlog depreciation (see 25.4 above)		-
		-
		-

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
26. CASH GENERATED FROM/(UTILISED IN) OPERATIONS		
Net surplus for the year	6 046 778	4 575 230
Adjustment for:		
Depreciation charges	4 407 560	3 446 818
Interest received	(52 422)	(69 951)
Interest paid	-	523
Prior year adjustment	(2)	539 404
Non-operating income	(452 994)	(452 994)
Gamap Grap implementation		
Operating surplus before working capital changes	9 948 920	(8 039 030)
(Increase)/decrease in inventory		
(Increase)/decrease in debtors	(6 907 881)	(2 186 950)
(Increase)/decrease in other receivables	(4 533 478)	725 939
Increase/(decrease) in creditors	4 242 988	(169 385)
Increase/(decrease) in unspent grants	(2 553 479)	5 097 352
Increase/(decrease) in consumer deposits	10 547	14 528
Cash generated by operations	207 618	11 520 514
27. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for		
Community assets	1 266 000	974 155
Electricity	109 520	
Roads	7 500 000	
	8 875 520	974 155
This expenditure will be financed from		
Government grants	8 875 520	974 155
	8 875 520	974 155
28. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003		
PAY AS YOU EARN		
Current payroll deductions	2 604 885	2 038 438
Amount paid current year	(2 604 885)	(2 038 438)
Balance unpaid (included in creditors)	0	-
Audit Fees		
Current year audit fee	637 000	541 205
Amount paid current year	(452 823)	(541 205)
Balance unpaid (included in creditors)	184 177	-
VAT		
VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output receivable are shown in notes 14 and 7 respectively. All VAT returns have been submitted by the due date throughout the year.		

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009 R	2008 R
28. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (CONT)		
Pay as You Earn (PAYE)		
Current payroll deductions	2 604 885	2 038 438
Amount paid current year	(2 604 885)	(2 038 438)
Balance unpaid	<u><u>0</u></u>	<u><u>-</u></u>
Unemployment Insurance Fund (UIF)		
Current payroll deductions	230 209	157 211
Amount paid current year	(230 209)	(157 211)
Balance unpaid	<u><u>(0)</u></u>	<u><u>-</u></u>
Pension Fund		
Current payroll deductions	3 806 540	2 937 986
Amount paid current year	(3 806 540)	(2 937 986)
Balance unpaid	<u><u>(0)</u></u>	<u><u>-</u></u>
Medical Aid		
Current payroll deductions	1 113 769	710 070
Amount paid current year	(1 113 769)	(710 070)
Balance unpaid	<u><u>(0)</u></u>	<u><u>-</u></u>
29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	-	51 774
Fruitless and wasteful expenditure current year		
Condoned or written off by Council		
To be recovered - Contingent Asset		
Fruitless and wasteful expenditure awaiting condonement/recovery	<u><u>-</u></u>	<u><u>51 774</u></u>
The fruitless and wasteful expenditure refers to interest and penalties charged by SARS		
Reconciliation of irregular expenditure		
Opening Balance	2 392 660	2 392 660
Irregular expenditure current year		
Condoned or written off by Council		
To be recovered - Contingent Asset		
Irregular expenditure awaiting condonement/recovery	<u><u>2 392 660</u></u>	<u><u>2 392 660</u></u>
Am amount of R1 775 210 refers to the overpayment of councillors whilst an amount of R617 450 refers to the over-expenditure on a capital project.		
Reconciliation of unauthorised expenditure		
Opening Balance	-	-
Irregular expenditure current year	(8 130 505)	
Condoned or written off by Council	-	
	<u><u>(8 130 505)</u></u>	<u><u>-</u></u>

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009	2008
	R	R
This is resulting from MIG projects. Council received an allocation of R 10378000 for which R 4000000 was reallocated due to low spending in the 2007/2008 financial year. Appointments on projects were also made for more than the council approved budget. The liability will be recovered from 2009/2010 MIG allocations		

MOLEMOLE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2009	2008
	R	R
30. CONTINGENT LIABILITY		

There is a contingent liability with regards to employees who had their services terminated and then later appealed. On 4 June 2008, three employees, N Moremi, G Rapholo and M J Morokolo were dismissed after being found guilty for charges levelled against them by a disciplinary tribunal. As all three employees appealed, a contingent liability arises, which could result in an obligation for the municipality to make payments to the abovementioned individuals in the event that they are successful in court for their appeals. There is uncertainty to the outcome as well as amounts that might fall due to the abovementioned employees.

MOLEMOLE MUNICIPALITY

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

External Loans	Loan No.	Redeemable	Balance at 30 June 2008	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2009
			R	R	R	R	R
ANNUITY LOANS							
Capricorn District			112 000				112 000
Total Annuity Loans			112 000	-	-	-	112 000

MOLEMOLE MUNICIPALITY

**APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009**

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/Transfers	Under Construction	Fair Value	Closing Balance	Opening Balance	Additions/Transfers	Fair Value	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
LAND & BUILDINGS	7 963 102	-	-	-	7 963 102	9 295 929	272 954	-	900 475	7 062 627
Land	145 423			-	145 423	-	-	-	-	145 423
Buildings	7 817 679				7 817 679	627 521	272 954		900 475	6 917 204
INFRASTRUCTURE	34 306 021	1 464 852	-	-	35 770 873	7 900 912	1 587 323	-	9 488 235	26 282 638
Roads, pavements, bridges & stormwater	3 217 395	19 087			3 236 482	287 349	107 780		395 129	2 841 353
Water reservoirs & reticulation	21 970 228				21 970 228	5 709 655	1 087 196		6 796 851	15 173 377
Car parks, bus terminals & taxi ranks										
Electricity reticulation	1 570 802	1 445 765			3 016 567	137 283	93 043		230 326	2 786 241
Sewerage purification & reticulation	7 547 596				7 547 596	1 766 625	299 304		2 065 929	5 481 667
Housing										
Street lighting										
Refuse sites										
Other (town planning & development)										
COMMUNITY ASSETS	1 593 625	-	-	-	1 593 625	50 027	80 754	-	130 781	1 462 844
Establishment of parks & gardens										
Sports fields										
Community halls										
Libraries										
Recreational facilities	1 593 625				1 593 625	50 027	80 754		130 781	1 462 844
Clinics										
Museums & art galleries										
Other (fire services & cemeteries)										
OTHER ASSETS	13 341 026	3 075 784	-	4 000	16 420 810	4 546 858	2 465 645	884	7 013 387	9 407 423
Other motor vehicles	9 760 818	1 977 095			11 737 913	3 007 997	1 529 647		4 537 644	7 200 269
Plant & equipment	1 216 150				1 216 150	500 367	235 915		736 282	479 868
Office equipment	878 074				878 074	338 241	141 720		479 961	398 113
Furniture & Fitting	797 310	450 074			1 247 384	394 431	227 998		622 429	624 955
Security measures (including fencing)										
Civic land & buildings										
Computer Equipment	688 675	648 615		4 000	1 341 290	305 822	330 365	884	637 071	704 219

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SPECIALISED VEHICLES	-	-	-	-	-	-	-	-	-	-
Refuse										
Fire										
TOTAL	57 203 774	4 540 636	-	4 000	61 748 410	47 539 968	4 406 676	884	17 532 878	44 215 532

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Fair Value	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	
	R	R		R	R	R	R	R	R	R
EXECUTIVE COUNCIL	12 332 796	494 679	-	4 000	12 831 475	3 196 715	1 271 306	-	4 468 021	8 363 454
Municipali Manager	4 066 392	-		-	4 066 392	1 206 718	684 718		1 891 436	2 174 956
Council General Expenses	8 266 404	494 679		4 000	8 765 083	1 989 997	586 588		2 576 585	6 188 498
FINANCE & ADMINISTRATION	480 017	296 242	-	-	776 259	247 459	195 714	-	443 173	333 086
Finance	480 017	296 242			776 259	247 459	195 714		443 173	333 086
Information technology										
Human resources										
Property services										
Other & admin										
PLANNING & DEVELOPMENT	763				763	763	109	-	872	(109)
Local Economic Development	763				763	763	109		872	(109)
ROAD TRANSPORT	24 450 494	2 303 950	-	-	26 754 444	4 954 971	1 797 524	-	6 752 495	20 001 949
Traffic and Licencing	2 828 658	1 312 009			4 140 667	207 529	386 550		594 079	3 546 589
Public Works	21 621 836	991 941			22 613 777	4 747 443	1 410 974		6 158 417	16 455 360
HEALTH	-	-	-	-	-	-	-	-	-	-
Clinics										-
Health other										-
COMMUNITY & SOCIAL SERVICES	163 901				163 901	31 535	16 049	-	47 584	116 317
Libraries & archives	163 901	-			163 901	31 535	16 049		47 584	116 317
Community halls & facilities										
Cemeteries & crematoriums										
PUBLIC SAFETY	-	-	-	-	-	-	-	-	-	-
Fire										-
Traffic	-				-	-				-
SPORT & RECREATION	-	-	-	-	-	-	-	-	-	-
Sport & recreation										
WASTE WATER MANAGEMENT	-	-	-	-	-	-	-	-	-	-
Sewerage										
Public toilets										
WASTE MANAGEMENT	-	-	-	-	-	-	-	-	-	-
Solid waste										
HOUSING	-	-	-	-	-	-	-	-	-	-
Housing										
WATER	18 185 041	-	-	-	18 185 041	4 999 592	1 031 312	-	6 030 904	12 154 138
Water	18 185 041	-			18 185 041	4 999 592	1 031 312		6 030 904	12 154 138
ELECTRICITY	1 590 761	1 445 765	-	-	3 036 526	144 283	95 546	-	239 829	2 796 697
Electricity	1 590 761	1 445 765			3 036 526	144 283	95 546		239 829	2 796 697
TOTAL	57 203 774	4 540 636	-	4 000	61 748 410	13 575 318	4 407 560	-	17 982 878	43 765 531

MOLEMULE MUNICIPALITY
APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)
R	R	R		R	R	R
26 843 190	14 634 030	12 209 159	Executive & Council	34 524 267	20 316 944	14 207 323
26 636 303	10 598 164	16 038 139	Councils General Expenses	34 363 905	7 381 289	26 982 616
-	2 275 045	(2 275 045)	Municipal Manager	-	1 610 315	(1 610 315)
206 887	1 760 822	(1 553 935)	Corporate Services	160 362	11 325 340	(11 164 978)
2 641 092	4 020 018	(1 378 926)	Finance & Admin	3 587 515	5 710 623	(2 123 108)
-	-	-	Assessment Rates	1 463 305	-	1 463 305
2 641 092	4 020 018	(1 378 926)	Finance and Fixed Properties	2 124 210	5 710 623	(3 586 413)
-	-	-	Planning & Development	1 284 990	2 104 900	(819 910)
-	-	-	Local Economic Development	1 284 990	2 104 900	(819 910)
3 415 569	2 131 796	1 283 773	Community Services	3 379 228	6 016 933	(2 637 705)
3 415 569	2 131 796	1 283 773	Library	3 379 228	6 016 933	(2 637 705)
-	-	-	Parks, Estates and Cemeteries	-	-	-
9 890	-	9 890	Waste Management	-	-	-
9 890	-	9 890	Sewerage	-	-	-
-	-	-	Refuse Removal	-	-	-
5 624 661	12 426 831	(6 802 170)	Roads Transport	11 939 377	5 732 903	6 206 474
5 624 661	7 196 629	(1 571 968)	Public Works	11 939 377	5 732 903	6 206 474
-	5 230 201	(5 230 201)	Traffic and Licencing	-	-	-
678 182	1 343 867	(665 685)	Water	1 401 043	1 146 300	254 743
678 182	1 343 867	(665 685)	Water	1 401 043	1 146 300	254 743
2 314 701	2 592 064	(277 363)	Electricity	2 515 127	6 364 326	(3 849 199)
2 314 701	2 592 064	(277 363)	Electricity	2 515 127	6 364 326	(3 849 199)
41 527 285	37 148 607	4 378 678	Sub-Total	58 631 547	47 392 929	11 238 618
		-	Less: Inter-Departmental Charges			-

<u>41 527 285</u>	<u>37 148 607</u>	<u>4 378 678</u>	Total	<u>58 631 547</u>	<u>47 392 929</u>	<u>11 238 618</u>
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MOLEMOLE MUNICIPALITY
APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	1 463 306	1 526 310	(63 004)	(4.13)	
Service charges	4 002 360	5 125 820	(1 123 460)	(21.92)	
Rental of facilities and equipment	148 784	245 888	(97 104)	(39.49)	
Interest earned – external investments	-	-	-	-	
Interest earned – outstanding debtors	655 490	409 339	246 151		
Fines, Licensing & Permits	2 335 250	4 535 633	(2 200 383)	(48.51)	
Revenue for agency services	-	-	-	-	
Government grants & subsidies – operating	37 057 478	38 459 559	(1 402 081)	(3.65)	
Government grants & subsidies – capital	10 878 000	13 321 721	(2 443 721)	(18.34)	
Other revenue	2 051 880	5 880 196	(3 828 316)	(65.11)	Over budgeting of revenue
Gains on disposal of property, plant & equipment	-	-	-	-	
Total Revenue	58 592 548	69 504 466	(10 911 918)	(15.70)	
EXPENDITURE					
Employee related costs	19 427 501	19 335 208	92 293	0.48	
Remuneration of councillors	3 529 183	3 523 183	6 000	0.17	
Bad debts	-	-	-	-	
Depreciation	4 407 560	-	4 407 560		
Repairs & maintenance	4 462 854	3 697 563	765 291	20.70	Under budgeting of repairs & maintenance
Finance Cost	-	-	-	-	
Bulk purchases	2 248 432	2 500 000	(251 568)	(10.06)	Over budgeting of electric purchases
Contracted services	-	-	-	-	- Disclosed under general expenses
Grants & subsidies paid	-	-	-	-	- Disclosed under general expenses
General expenses	-	16 774 432	(16 774 432)	(100.00)	
Loss on disposal of property, plant & equipment	-	-	-	-	
Contributions to/(transfers from) provisions	17 042 362	-	17 042 362	-	
Total Expenditure	51 117 892	45 830 386	5 287 506	11.54	
NET SURPLUS/(DEFICIT) FOR THE YEAR	7 474 656	23 674 080	(16 199 424)	(68.43)	

MOLEMOLE MUNICIPALITY
APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE & COUNCIL	498 679	-	(498 679)	1 690 010	(2 188 689)	(130)	Project under construction
Councils General Expenses	498 679	-	(498 679)	1 690 010	(2 188 689)	(130)	
Municipal Manager	-	-	-	-	-	-	
Corporate Services	-	-	-	-	-	-	
FINANCE & ADMINISTRATION	296 242	-	(296 242)	-	(296 242)	-	
Finance	296 242	-	(296 242)	-	(296 242)	-	
Other & Admin	-	-	-	-	-	-	
LOCAL ECONOMIC DEVELOPMENT	-	-	-	643 113	(643 113)	(100)	
LED	-	-	-	643 113	(643 113)	(100)	
ROAD TRANSPORT	15 720 391	13 416 441	(2 303 950)	7 500 000	(9 803 950)	(131)	
Public Works	15 720 391	13 416 441	(2 303 950)	7 500 000	(9 803 950)	(131)	
Traffic and Licencing	-	-	-	-	-	-	
COMMUNITY SERVICES	1 691 330	1 691 331	-	1 266 000	-	-	
Community Hall	1 691 330	1 691 331	-	-	-	-	
Library	-	-	-	-	-	-	
PUBLIC SAFETY	-	-	-	50 000	(50 000)	(100)	
Fire	-	-	-	-	-	-	
Traffic	-	-	-	50 000	(50 000)	(100)	
WASTE MANAGEMENT	-	-	-	-	-	-	
Sewerage	-	-	-	-	-	-	
Refuse Removal	-	-	-	-	-	-	
WATER	-	-	-	-	-	-	
Water Distribution	-	-	-	-	-	-	
Water Storage	-	-	-	-	-	-	
ELECTRICITY	1 696 427	250 662	(1 445 765)	2 541 055	(3 986 820)	(157)	
Electricity Distribution	1 445 765	-	(1 445 765)	1 445 765	(2 891 530)	(200)	
Street Lighting	250 662	250 662	-	1 095 290	(1 095 290)	-	
TOTAL	18 211 739	13 667 103	(4 544 636)	12 374 178	(16 918 814)	(137)	

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APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	34 346 448.00	34 346 448.00		34 346 448	None	Not Applicable	None
Financial Manager	National Treasury	500 000.00	1 009 666.00		500 000	None	Yes	None
Municipal Systems	DPLG	735 000.00	1 110 243.72		735 000	None	Yes	None
MIG Grants	DPLG	6 378 086.00	14 508 591.15	4 000 000	10 378 086	None	Yes	None
cdm funding	CDM	103 590.00	103 590.00		-	None	Yes	
MPRA Fund	LGH	500 000.00	500 000.00		500 000	None	Yes	
		42 563 124.00	51 578 538.87	4 000 000.00	46 459 534.00			